

## **Introduction**

- Bob Esler, resident of Taylor, MI
- Secretary of the Board of Directors for OOIDA
- OOIDA has more than 158,000 members nationwide and 5,144 reside in MI
- Personally, I have 45 years behind the wheel of a truck.

## **SB 627**

- Authorizes tolling throughout the state on existing and new roads and bridges
- Public-private agreements allow the sale of public assets to corporate investors for an initial period of up to 50 years
- Lacks meaningful transparency: A provision in Section 7 actually says that documents and other analysis used in the decision-making process and preparation of the procurement documents and proposals shall not be subject to release or disclosure by the public authority until final award and execution of the public-private agreement. In short, we have to agree to something before we can find out what's in it.
- Lacks meaningful accountability: Cedes a tremendous amount of authority to unelected bureaucrats. In fact, the term "may" is used 36 times throughout the text. A public authority "may" do this or "may" do that. In this context, this is horrible public policy. And a public review process every 5 years after a project is completed is pointless because there is no meaningful public recourse in the authorizing language itself. If the state or taxpayers want to cut ties with a project years after it is completed, it will cost the state and taxpayers millions or billions of dollars.
- Lacks meaningful consumer protections: A provision in Section 9 authorizes corporate investors to impose, collect, and increase tolls by virtually any means and the toll amount "may" be determined by the agreement. Further, a provision in section 16 authorizes said investor to take substantial administrative and legal action against a person for an unpaid toll.
- States the agreements "may" include compensation events: Section 11(b) authorizes "milestone payments and progress payments" to corporate investors for basically doing a good job. In short, they'll be rewarded financially for doing what should be done in the first place.

## **Real World**

- Regarding owner-operator truckers, tolls are generally paid out-of-pocket. Contrary to what others might say, it's just how the industry works. The industry works on fuel surcharges, not toll surcharges.
- Conservatively, toll roads in Michigan would cost many truckers thousands of dollars each year and for those who operate in Michigan more frequently that amount could easily exceed \$10,000. Meaning, a trucker in Michigan will have thousands of dollars less each year to support their family, reinvest in their small business, and make critical repairs to their equipment. This is not a hypothetical scenario, it will happen.
- Profit margins in trucking are already small and many owner-operators in the Michigan region would have to look elsewhere for freight. Not to mention that available freight and freight rates out of Michigan aren't great anyways. While some trucking companies might be able to absorb tolls, owner-operators can't. And trucking companies of all sizes depend on a viable owner-operator industry.
- Ultimately, toll roads make many truckers work more for less just to make ends meet. This means more fatigued driving, more nights out on the road away from their family, and an economic inability to purchase new equipment or maintain existing equipment.

## **Double Taxation**

- Michigan's effective diesel tax rate is currently 53.81 cents per gallon which is about 0.04 percent less than the national average. However, next month the effective diesel tax rate is increasing by more than 11 cents per gallon via the enactment of HB 4738 for a total of more than 65 cents per gallon.
- I bring this up for two reasons: (1) We just enacted a new transportation funding package so let's see what impact it has before we consider additional funding measures, and (2) enacting SB 627 is double taxation.
- I've paid a lot of money in taxes for the construction and maintenance of roads and bridges in Michigan. When you toll a highway, those tolls are in addition to state and federal fuel taxes, not in lieu of them. In essence, truckers will pay both a mileage fee and a toll. This is indisputably double taxation.

## **Conclusion**

- Toll roads only benefit corporate investors and Wall Street. Those that put the deal together will profit regardless of the financial outcome of the project. In many cases, the

project fails and taxpayers are left to pick up the tab. If they are profitable, those profits are siphoned from the system as much as possible by investors and everyone else loses.

- While privatization is a “clever” way to fund our roads and bridges, the goal of any P-3 project is to make money by maximizing profits and minimizing costs. It’s a for profit venture. This is counter to the public benefit and it’s exactly what played out in Indiana.
- SB 627 is wrong and I’m asking that everyone in this room do what is right for those who elected you and vote against this bill.
- Thank you for the opportunity to speak. This concludes my testimony.
- Questions?